



AGENDA REPORT



TO: Honorable Mayor & City Council

FROM: Councilmember Dan Kalb
District 1

SUBJECT: Resolution to Upgrade Default
Electricity Service Plan in Oakland to
Ava Community Energy's (AVA)
Renewable 100 Plan

DATE: May 2nd, 2024

RECOMMENDATION

Councilmember Dan Kalb respectfully requests that the City Council:

APPROVE A RESOLUTION TO UPGRADE THE DEFAULT ELECTRICITY SERVICE PLAN FOR ELECTRICITY RATE PAYERS IN OAKLAND FROM AVA COMMUNITY ENERGY'S BRIGHT CHOICE 49.4% RENEWABLE ENERGY PLAN (BRIGHT CHOICE) TO AVA COMMUNITY ENERGY'S RENEWABLE 100% PLAN (RENEWABLE 100) TO PROVIDE 100% RENEWABLE ENERGY FROM WIND AND SOLAR FOR: 1) MUNICIPAL ACCOUNTS IN MARCH 2025; 2) RESIDENTIAL ACCOUNTS IN MARCH 2026, EXCLUDING CERTAIN LOW-INCOME CUSTOMERS; AND 3) COMMERCIAL ACCOUNTS IN MARCH 2027; AND ALLOWING CUSTOMERS TO OPT DOWN TO THE BRIGHT CHOICE PLAN

EXECUTIVE SUMMARY

The City of Oakland has the option to upgrade from the Ava Community Energy (Ava) Bright Choice 49.4% renewable energy plan to the AVA 100% renewable energy plan. The Renewable 100% plan is sourced from California wind and solar facilities, including a new wind farm in Alameda County. In 2018, Oakland declared a climate emergency calling for an urgent climate mobilization effort to reduce greenhouse gas emissions, reverse the impacts of global warming, and be more resilient in the face of intensifying climate impacts. Two years later Oakland adopted its Equitable Climate Action Plan (ECAP) which laid out a roadmap of policies to adopt that address climate change and climate resilience in an equitable manner.

Oakland has since adopted resolutions and ordinances in accordance with the ECAP that are making progress in reducing Oakland's contribution to global warming and negative impact on underserved communities who are often most at risk from climate change and toxic pollutants from the burning of fossil fuels. Consistent with the ECAP, this legislation will build on the steps we have taken and further reduce Oakland's greenhouse gas emissions and make us less reliant on fossil fuels, which can enhance local green job creation and reduce toxic pollution from fossil fuel power plants in the state.

This resolution will start the process to phase in this clean energy change with our municipal accounts changing first in the spring of 2025, residential accounts in 2026, and commercial accounts in 2027. This phase-in will allow more time for customers in residential and commercial accounts who could be impacted by this change, more time to be engaged by Ava Community Energy and the City of Oakland

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and make decisions accordingly. The Resolution before the Council explicitly allows the City Administrator to opt back down to the Bright Choice plan for up to two years at a time if the city is facing an extreme fiscal necessity. Moreover, Ava Community Energy has committed to communicate to all customers letting them know that they can at any time opt down to the bright choice product.

BACKGROUND / LEGISLATIVE HISTORY

Ava Community Energy, previously known as Easy Bay Community Energy, is a locally-governed public power agency that procures electricity and distributes it to customers using PG&E's distribution lines. In June 2018, Oakland was one of 11 cities (Newark and Pleasanton were added later) in Alameda County that initially decided to form EBCE (now Ava Community Energy) as a Joint Powers Authority to collectively procure cleaner energy than was available from PG&E (79325 C.M.S.). Since then, Ava has been the electricity provider to almost all of Alameda County (except the City of Alameda), supplying commercial and municipal accounts with higher percentages of renewable and carbon-free energy compared to the PG&E alternatives.

Carbon-free energy refers to electricity that, when generated, creates no emissions of carbon dioxide, a greenhouse gas (GHG) that contributes to climate change. Renewable energy, including small hydroelectric, solar, wind, biomass, biowaste, and geothermal sources, is generated from resources that are naturally replenished and create no carbon dioxide emissions and little or no emissions of toxic air contaminants. At the same time, although electricity generated by larger hydropower facilities is certainly a form of carbon-free energy, large hydropower under state law is not considered an eligible renewable as it requires dams that adversely affect ecosystems.

Since Oakland joined EBCE, now Ava Community Energy, in 2018, Bright Choice has been the default plan for all commercial and residential customers in the city. Bright Choice consists of 49% carbon-free electricity (see **Figure 1**). The average monthly cost to residential customers, excluding low-income California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) customers, is \$118.22 per month (see **Figure 2**). Ava's electricity rates are tied to, but generally lower than PG&E's rates, which are set by the California Public Utilities Commission (CPUC).

As a cleaner alternative to the Bright Choice plan, Ava also offers the Renewable 100 plan, which is 100% renewable and carbon-free, consisting only of solar and wind energy. The average monthly cost to residential customers, excluding CARE/FERA customers, is \$121.20 per month (see **Figure 2**). The only customers in Oakland who are currently on the Renewable 100 plan are customers who have chosen to opt-up to the cleaner plan for a slightly higher rate. There are currently over 2,000 customers in Oakland that have opted-up to the Renewable 100 plan.

Ava's Renewable 100 plan has the highest percentage of renewable energy of any available rate plan in the East Bay. In contrast, some of the electricity included in the default Bright Choice plan is purchased from the spot/wholesale market, where any available electricity generated from any source – including in-state natural gas and nuclear and out-of-state fossil fuel combustion – can be purchased to meet sudden increases or fluctuations in electricity demand. Over 28% of the power delivered for Bright Choice customers were from such "unspecified sources" often dirty sources (see **Figure 1**).

Oakland’s Equitable Climate Action Plan (ECAP) states that a 100% carbon-free electricity grid is necessary to reach the City’s climate targets for 2030 and 2050. In 2019, electricity supplied by Ava was more than 90% carbon-free and by 2030 Ava plans to supply 100% renewable and carbon-free electricity for all customers. Transitioning, or “opting-up” all Oakland commercial and residential customers to Renewable 100 now would help the City reach its 2030 ECAP goals sooner. The Cities of Berkeley, Albany, Emeryville, Dublin, Hayward, San Leandro and Pleasanton have already transitioned to Renewable 100 as the default plan in their respective jurisdictions. Fremont is considering this upgrade as well this year.

Figure 1: Comparison of Ava and PG&E Service Options and Respective Power Content

Type of Energy	Percent of Total Retail Sales (kWh)			
	East Bay Community Energy		PG&E	PG&E Solar Choice
	Bright Choice	Renewable 100		
Renewable & GHG-Free	49.4%	100.0%	38.3%	96.2%
Biomass/Biowaste	1.5%	0.0%	4.6%	0.0%
Geothermal	0.8%	0.0%	0.5%	0.0%
Eligible hydroelectric	1.4%	0.0%	1.8%	0.0%
Solar	18.1%	50.0%	22.0%	96.2%
Wind	27.6%	50.0%	9.4%	0.0%
GHG-Free, Not Renewable	22.1%	0.0%	57.0%	0.0%
Large Hydroelectric	21.9%	0.0%	7.6%	0.0%
Nuclear	0.2%	0.0%	49.3%	0.0%
Unspecified Sources of Power**	28.4%	0.0%	0.0%	3.8%
Non-renewable Natural Gas	0.0%	0.0%	4.8%	0.0%
TOTAL	100%	100%	100%	100%

*All data (cost and energy mixes) from 2022

**Unspecified sources of power refers to electricity that is not traceable to a specific generating facility, such as electricity traded through open market transactions. Unspecified sources of power are typically a mix of all resource types and may include renewables or system power.

Figure 2: Oakland Citywide Opt-Up Analysis – Total Electricity Costs Estimate

Class	Average Cost/Month			
	East Bay Community Energy		PG&E	PG&E Solar Choice*
	Bright Choice	Renewable 100*		
CARE/FERA Residents	\$102.68	\$106.10	\$105.33	n/a
Residents (Excluding CARE/FERA)	\$118.22	\$121.20	\$120.53	n/a
Municipal Accounts				
Small and Medium	\$563,530.00	\$579,296.00	\$575,769.00	n/a
Large Commercial and Industrial	\$815,091.00	\$842,459.00	\$836,022.00	n/a
Streetlight and Outdoor Lighting	\$546,923.00	\$561,007.00	\$557,374.00	n/a

Cost estimates in **Figure 2** are based on staff’s analysis of citywide billed usage in calendar year 2023, Ava summary rates, and averaged January 2024 Joint Rate Comparison (JRC) blended rates for the Total Electricity Costs. Ava Community Energy and PG&E are required to conduct a Joint Rate Comparison that shows the how the different rates compare to one another. On the JRC, cost is noted as “Total Electricity Costs (\$/kilowatt-hour (kWh))” and includes Ava’s Generation Costs, Power Charge Indifference Adjustment /Franchise Fee Surcharge and PG&E’s Delivery Costs. This analysis includes all Bright Choice accounts within the jurisdiction of the City of Oakland as of January 2024. Rates are calculated using averaged non-discounted rates which may result in overestimated cost projections. Currently, Bright Choice is priced at a 5% savings compared to PG&E's generation rate, and Renewable 100 is priced at only a 1/4¢ per kWh premium to PG&E's generation rate. Bright Choice Savings and Renewable 100 Premiums shown in **Figure 2** were calculated in comparison to PG&E rates.

Of course, customers who use less electricity already have lower bills than the average and their default increase would be just a dollar or two per month. Low income customers who are enrolled in CARE or FERA will NOT automatically have their accounts opted up to Renewable 100.

ANALYSIS AND POLICY ALTERNATIVES

With challenges to various electrification efforts, it is critical in order to be true to our climate action goals, that we opt up to Renewable 100 as many other jurisdictions already done. Trying to get each customer to pro-actively opt up to Renewable 100 would not produce that outcome we need in terms of greenhouse emission reductions vis-à-vis our ECAP.

FISCAL IMPACT

The cost estimate to the City of Oakland to upgrade all municipal accounts to the Renewable 100 rate would be approximately \$688,000 per year. Annual costs to residents and commercial accounts are detailed in Figure 2. Municipal utility bills are currently paid from the Facilities Internal Service Fund (ISF). The General Purpose Fund pays for 60-70% of the Facilities ISF. If the municipal electricity bill increased by \$688,000, Facilities would adjust the rates it charges in the following year.

PUBLIC OUTREACH / INTEREST

If the City Council takes action to opt-up customer accounts in Oakland, staff would partner with Ava Community Energy to analyze the effects of this policy on different population segments – both households and businesses – in order to tailor proactive outreach to customers who may be disproportionately impacted by slightly higher energy costs. Ava Energy's policy is to conduct extensive public outreach over a 60-day period prior to *any* rate increases. This includes mail, email, and in-person outreach. They have confirmed that they will reach out to all customers twice to make sure each customer is aware the option to opt down to Bright Choice. This option is always available to customers both before and after the upgrade goes into effect.

The City of Oakland would coordinate with Ava on this public outreach related to any potential change in the default rate plan. Ava staff would develop outreach strategies focused on reducing cost impacts by enrolling eligible households in low-income programs, opting down to Bright Choice for low income households that exceed the income threshold for low income programs, and educating customers to understand ways to shift electricity use and manage bills under the new Time-of-Use rates.

COORDINATION

This legislation has been worked on with AVA Energy staff and Oakland City Staff, and was based off the informational report Oakland City Staff brought to the Public Works and Transportation Committee on April 9th with some of this report sharing information that was from that report. A number of climate justice and environmental organizations and advocates in Oakland and the East Bay have been advocating for this for a few years.

SUSTAINABLE OPPORTUNITIES

Economic: Upgrading to Ava's Renewable 100 rate plan would slightly increase energy costs for most customers in Oakland in the short term. In the long term, reliance on renewable energy may protect against price fluctuations related to fossil fuels, resulting in unpredictable, unreliable energy prices. The cost of generation rates per kilowatt/hour for both wind and solar continue to drop each year.

The Renewable 100 plan better supports local green job opportunities. While little energy is generated within Oakland's City limits, renewable energy jobs will be created within Alameda County and the greater Bay Area. Renewable generation activities such as wind and solar tend to offer more Operations and Maintenance jobs as compared to more capital intensive and centrally controlled facilities for fossil fuel combustion. One specific example of Ava's promotion of local economic development in renewable electricity since 2018 is the Scott Haggerty Wind Center in Livermore, a 57.5 Megawatt facility which provides clean renewable energy to approximately 20,000 homes while offsetting an estimated 4 million metric tons of carbon dioxide each year.

Environmental: The renewable 100 Plan would result in less pollution from particulate matter (PM) and greenhouse gases. This would be in alignment of the goals in Oakland's ECAP by addressing the causes of climate change and protect the health of populations who are directly affected by the fossil fuels traditionally used to create electricity.

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Race & Equity: If the City Council acts to opt up customer accounts in Oakland, city staff would plan to partner with Ava Community Energy to analyze the effects of this policy on different population segments – both households and businesses – in order to tailor outreach to customers who may be disproportionately impacted by higher energy cost. Ava staff would develop outreach strategies focused on reducing cost impacts by enrolling eligible households in low-income programs, opting down to Bright Choice for low-income households that exceed the income threshold for low-income programs, and educating customers to understand ways to shift electricity use and manage bills under the new Time-of-Use rates.

ACTION REQUESTED OF THE CITY COUNCIL

Councilmember Dan Kalb Recommends That The City Council adopt a resolution to upgrade the default electricity service plan for electricity rate payers in Oakland from ava community energy's bright choice 49.4% renewable energy plan (bright choice) to ava community energy's renewable 100% plan (renewable 100) to provide 100% renewable energy from wind and solar for: 1) municipal accounts in march 2025; 2) residential accounts in march 2026, excluding certain low-income customers; and 3) commercial accounts in march 2027; and allowing customers to opt down to the bright choice plan

For questions regarding this report, please contact

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Respectfully submitted,



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